

GREEN SKILLS FOR CITIES

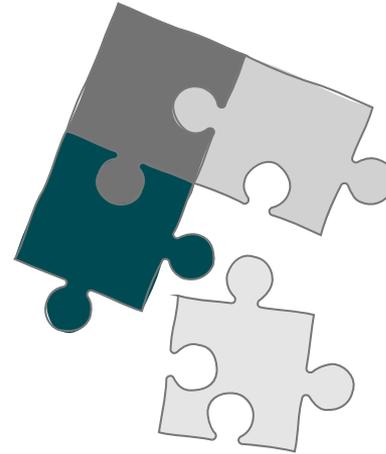
LTP
**Business
Sustainability &
Business
Models**

Vienna University of Economics
and Business (WU)



Content of this Lesson

1. An Introduction to Business Sustainability
2. Business Model Canvas
3. Preparation for the In-Class Activities



SECTION
ONE

An Introduction to Business Sustainability

Glossary

Business Sustainability: The “Business Sustainability Typology” used in these slides was developed by Dyllick and Muff (2015). They cluster sustainable business performance in four stages, enabling a practical distinction between early, intermediate and advanced stages of business sustainability in practice. They herein determine three different shifts away from 'business as usual' towards Business Sustainability 1.0, 2.0 and 3.0.

Consumer/user: is the **person/organization** who has the rights to consume a good or service. A consumer/user may or may not be the actual buyer of a product or service.

Corporate Social Responsibility (CSR): the responsibility of enterprises for their impact on society (...). Companies can become socially responsible by integrating social, environmental, ethical, consumer, and human rights concerns into their business strategy and operations (EC, no date). The downsides of this idea will be explained in the presentation.

Degrowth: is a political and economic theory which emphasizes changing priorities of society from economic growth and production to a society based on sustainability, well-being, concern for environment and co-operation.

Economic Growth: an increase in the production of goods and services in an economy.

Entrepreneur: a person who launches a new enterprise and shoulders most of the risks while obtaining the majority of the benefits.

Glossary

Lean management: is an approach within an organization/business that supports continuous improvement and systematically seeks to achieve small, incremental changes in processes to improve quality and efficiency.

Limits to Growth: are limits of the ecosystem to absorb waste and replenish raw materials in order to sustain the economy.

Pivoting: describes the process a company intentionally takes to shift or turn into a new direction and try out something new (e.g. learning from small failures). A business pivot is a key strategic move.

Shareholder: An owner of shares in a limited company or limited partnership. A shareholder is a member of the company.

Stakeholder: All those with interests in an organization; for example, as shareholders, employees, suppliers, customers, or members of the wider community (who could be affected by environmental consequences of an organization's activities).

Triple-Bottom-Line: The TBL consists of three elements: profit, people, and the planet. Companies with a TBL focus as much on financial as on social and ecological concerns.

Unlimited Growth // Limits to Growth // Degrowth

The current economic behavior is primarily influenced by GDP and its' growth as a key indicator for a nation's wealth (Rubio-Mozos et al., 2019).

But:

There is an unmistakable **correlation between economic growth since the industrial revolution and the over-usage of finite resources, polluting land, air and water** - causing our earth's climate to change (IPCC, 2022; Meadows et al., 1972)

Unlimited Growth // Limits to Growth // Degrowth

Why a paradigm shift is needed

- resource scarcity
- environmental pressures
- climate change
- globalization
- demographic changes
- persistent poverty
- social injustice
- urbanization
- ...

A light article on criticism on growth can be read [here](#).



“The Business of Business is Business”

by Milton Friedman

- Profit orientation of companies entail a **social function**
- By generating profit, businesses act responsibly to the labour market, and contribute to the growth of GDP of a nation.
- Hence the **only responsibility businesses have is to create as much profit as possible.**



Photo by Markus Spiske, 2020

BUT you cannot do business on a dead planet. Excluding any responsibility from businesses is now more and more contested. Even within **neoliberal economic streams**.

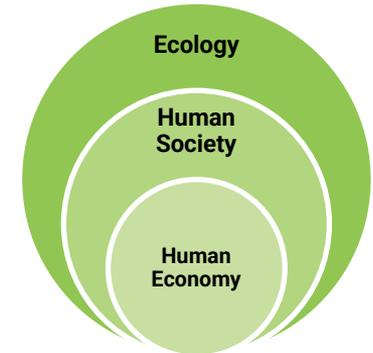
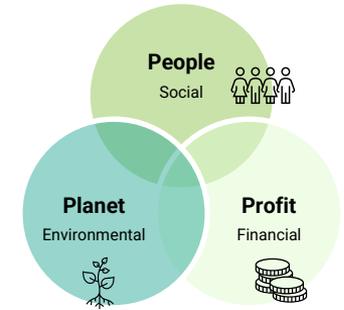
Climate crisis+resource extraction+pollution+social injustice+exploitation of environment and people → Are challenges no business can avoid!

The New Way of Doing Business

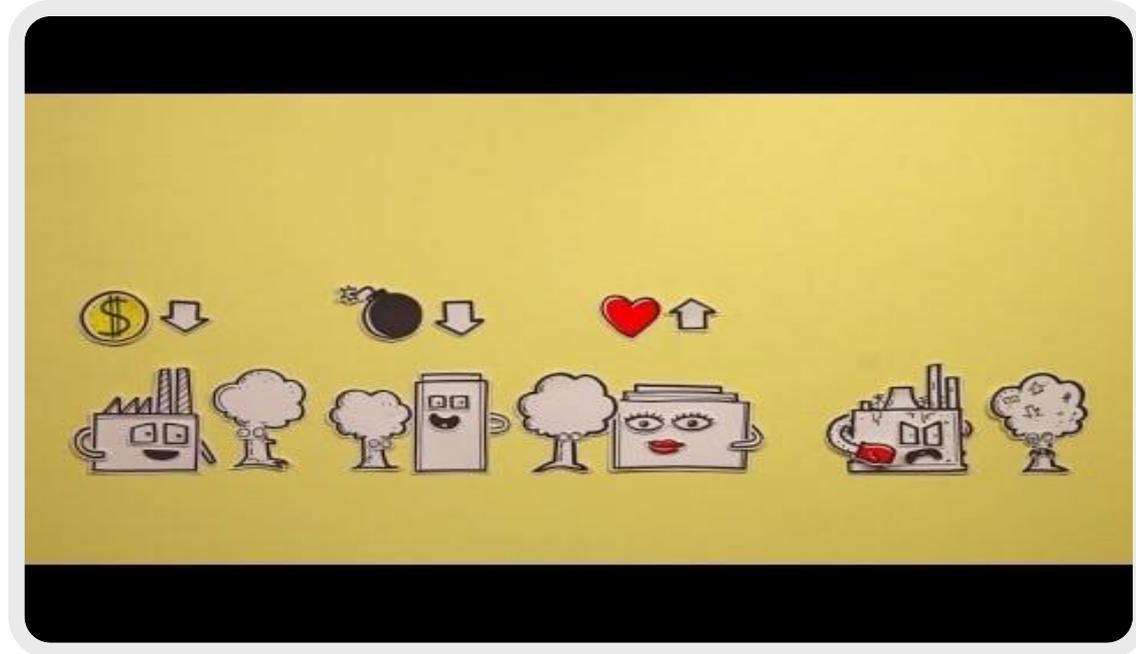
- The **Triple Bottom Line paradigm** of planet, people and profit being treated equally and having overlapping goals, has gained prominence
- **BUT** we need to shift towards a more accurate understanding of how business is embedded → This is where **NbS** can and should play an important role to understand it, as:
 - the economy **cannot** be disconnected from natural capital, i.e. from the natural resources.

The commonly used **Triple Bottom Line** model is something we have to move away from. Instead, the model should be shown as concentric circles, with the Planet (ecology) underpinning the other two.

- **Nature is the most underestimated solution and one of our best chances to fight the challenges of the 21st century and beyond.**



Let's watch this video about Business Typology by Dyllick & Muff (2016):



<https://www.youtube.com/watch?v=AEFqUh4PMml>

Business Sustainability Typology

They cluster sustainable business performance in four stages, enabling a practical distinction between early, intermediate and advanced stages of business sustainability in practice. They herein determine three different shifts away from 'business as usual' (0.0) towards Business Sustainability 1.0, 2.0 and 3.0.

Business Sustainability 0.0 - business as usual, based on purely economic interest. This is the understanding of Milton Friedman.

Business Sustainability 1.0 - mostly CSR activities, where businesses recognize and embrace challenges and opportunities that occur from societal and environmental concerns and incorporate them into given practices and processes “without changing the basic business premise and outlook” (Dyllick and Muff 2016, p. 163). In this stage, creating economic value remains the main target while addressing sustainability issues results in benefits for the business itself.

Source: Dyllick and Muff, 2015

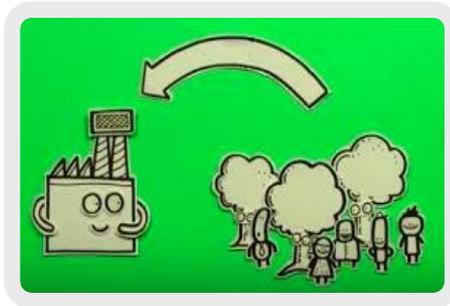


Source: Greenpeace, no date

Business Sustainability 2.0 and 3.0

Business Sustainability 2.0 - following the triple bottom line approach, hence balancing the social, environmental and economic impact of the business activities. In practice, this means to broaden the value of shareholder value by the addition of social and environmental values and by implementing particular programmes and actions to reach intended set-up sustainability goals.

Business sustainability 3.0 - considered as truly sustainable business performance. Characterized by its outside-in perspective, where businesses start by looking at the external world and related challenges first, before developing the actual business idea. Emphasis is not on minimizing or outbalancing negative business performance but rather on creating positive impact for the greater good.



Source: Dyllick and Muff, 2016

From Business as usual to Business as unusual

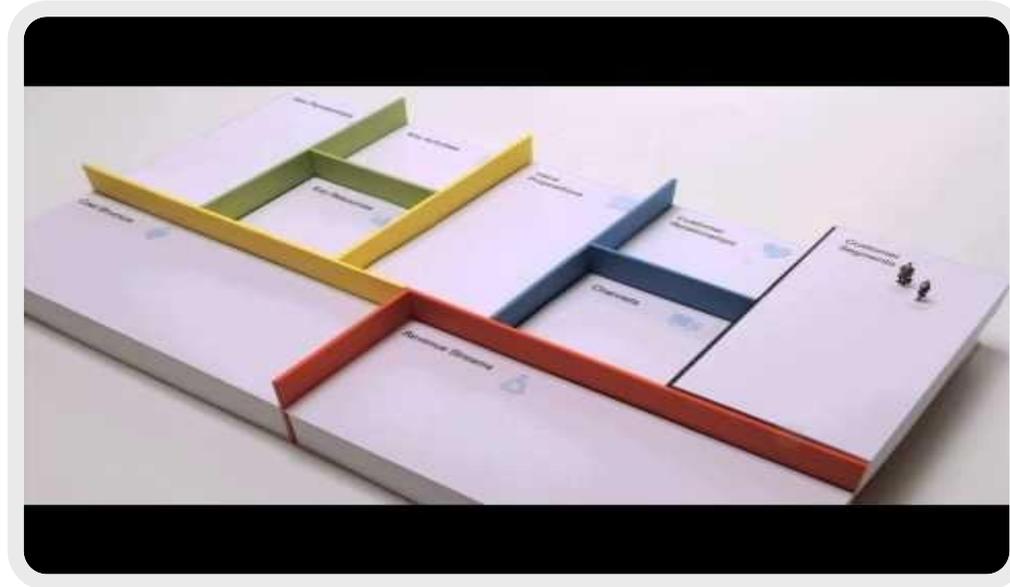
BUSINESS SUSTAINABILITY TYPOLOGY (BST)	Concerns (What?)	Values Created (What for?)	Organizational Perspective (How?)
Business-as-Usual	Economic concerns	Shareholder value	Inside-out
Business Sustainability 1.0	Three-dimensional concerns	Refined shareholder value	Inside-out
Business Sustainability 2.0	Three-dimensional concerns	Triple bottom line	Inside-out
Business Sustainability 3.0	Three-dimensional concerns	Creating value for the common good	Outside-in
The key shifts involved:	1 st shift: broadening the business concern	2 nd shift: expanding the value created	3 rd shift: changing the perspective

Source: Dyllick and Muff, 2016, p. 168

SECTION
TWO

Business Model Canvas

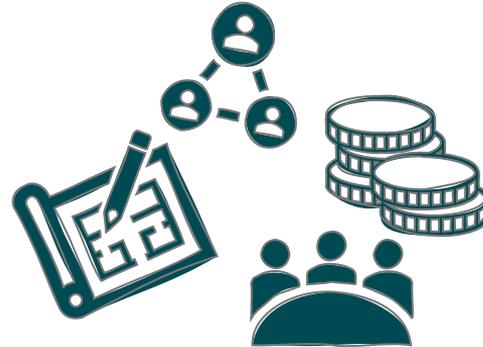
Watch this video on „Business Model Canvas Explained“



<https://www.youtube.com/watch?v=QoAOzMTLP5s>

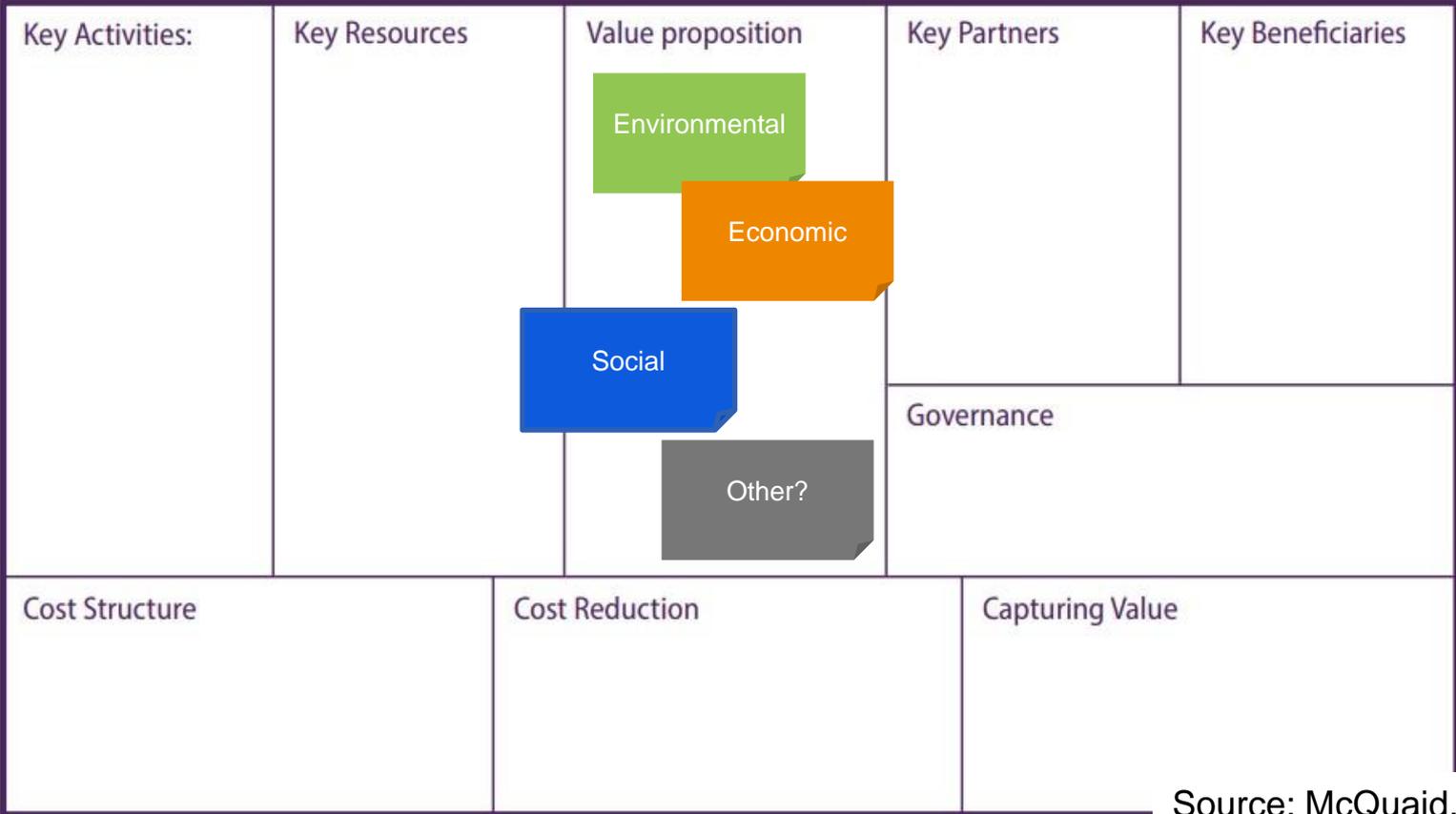
Why do we need a Business Model Canvas for NbS?

- To communicate the benefits of an NbS and engage with relevant partners
- Plan
- Identify partners
- Explore resources of finance



But we need to adapt the Business Model Canvas in order to be useful for NbS

Business Model Canvas for NbS



How is it different to a “normal” Business Model?

- **Value proposition** remains at the centre but is expanded to consider **environmental, social** and **economic** value propositions.
- **Key Beneficiaries** is used instead of **Customer Segments**: to broaden the consideration of possible ‘customers’.
- **Key Partners** and **Key Beneficiaries** have been positioned side-by-side: This reflects the overlap that often exists between partners and beneficiaries involved with NbS. E.g. the community is often a key beneficiary but is also usually an important partner.
- **Governance**: Reflects the importance of how the NbS will be managed on an operational basis. E.g. how different stakeholders will be engaged in ongoing management and operations, and what governance structures are needed to facilitate this.
- **Cost Reduction**: This reflects the specific characteristics of NbS which sometimes allow for different ways to reduce direct costs.

Source: McQuaid, 2019, p. 5

SECTION
FOUR

Preparation for the Learning Activity in Class

1.Learning Preparation: Value

Choose an NbS that you are most interested in. You can use the following platforms as an inspiration or find a project on your own:

- Urban NbS (<https://una.city/>)
- Rural NbS (<https://casestudies.naturebasedsolutionsinitiative.org/case-search/>)
- Global urban & rural NbS (<https://oppla.eu/case-study-finder>)

Considering the information you have on the NbS, try to answer the following question:

- How does the NbS create **environmental**, **social** and **economic** value?

2. Learning Preparation: Biotope City Wienerberg

Please **read through** the example of the NbS: Biotope City Wienerberg in Vienna Austria

Some sources (feel free to conduct your own research):

- https://www.iba-wien.at/fileadmin/user_upload/magalone/magalon_file_1646916703/pdf/full.pdf
- https://www.iba-wien.at/fileadmin/user_upload/documents/005_Schlusspraesentation/Abrissplaene/englisch/IBA_Abrissplan_Biotope_City_EN_A3.pdf

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- Rubio-Mozos, E., García-Muiña, F. & Fuentes-Moraleda, L. (2019) Rethinking 21st-Century Businesses: An Approach to Fourth Sector SMEs in Their Transition to a Sustainable Model Committed to SDGs. *Sustainability*. 11.5569.10.3390/su11205569.

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<https://greenskills4cities.eu/>



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